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TO RUEHC/SECSTATE WASHDC 0450
INFO RUEHUJA/AMEMBASSY ABUJA 0080
RUEHZK/ECOWAS COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS LAGOS 000034

SENSITIVE
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STATE PASS USAID FOR NFREEMAN, GBERTOLIN
DOC FOR 3317/ITA/MAC/OA/KBURRESS
DOC FOR 3310/USCS/OIO/ANESA/CREED
TREASURY FOR RHALL, DPETERS
STATE PASS EXIM FOR JRICHTER

E.O. 12958: N/A
TAGS: [EINV](#) [EFIN](#) [NI](#)

SUBJECT: NIGERIA: FCS HELPS COMPANY OBTAIN RELEASE OF FUNDS FROM
BANK

Ref: Lagos 426

11. (SBU) Summary: Oceanic Bank refused both to pay interest on a USD 1 million dollar deposit made by U.S.-based Carmen Consulting Nigeria Ltd and to transfer the funds to the United States at Carmen's request. Oceanic provided misleading instructions for the release of the funds and even attempted to block the company from transferring the funds to another bank. Mission Nigeria, through the Foreign Commercial Services, successfully advocated for the transfer of the fund. End Summary.

12. (SBU) In a teleconference with EconOffs and CommercialAttache on December 5, 2008, Constance Newman and Michael Russell of U.S.-based Carmen Consulting discussed Oceanic Bank's refusal to release approximately USD 1 million to Carmen Consulting Nigeria Ltd. (a joint venture 96 percent owned by Carmen Consulting) from their deposit account or to pay interest on the funds. The funds had been deposited by Carmen on November 5, 2008, at Oceanic's Yenegoa Branch following payment by Bayelsa State to the company for services rendered. Bayelsa State Government maintains an account at the same Yenegoa Branch.

13. (SBU) According to Russell, Oceanic refused his request to convert approximately 90 percent of the funds to dollars and to transfer the money to the United States. The Yenegoa Branch Manager correctly stated that, under Nigerian law, Russell as one of the two directors of Carmen's Nigerian subsidiary needed to acquire a Nigerian residency permit prior to transferring funds out of the country. He then suggested that the bank would transfer the funds if the Carmen subsidiary were to add another Nigerian cosigner to the account. When Carmen did so, the Branch Manager told Russell that that he still could not transfer the funds to the United States. The Branch Manager's next two suggestions were that Russell remove himself as a cosigner from the account and that he resign as a board member of Carmen's Nigerian subsidiary in order to achieve the transfer. Oceanic also would not allow Carmen to draw on the account to cover the company expenses in Nigeria until Russell received his residency permit. When Russell initiated the transfer of the funds to another bank, the Yenegoa Branch Manager and a Lagos-based Executive Director of Oceanic said Carmem did not have the right to transfer the fund and threatened to return the funds to Bayelsa State if Russell pursued the transfer.

14. (SBU) CommercialAttache confirmed that transferring the funds from Oceanic to another bank was within the company's rights and intervened with Oceanic on Carmen's behalf. After repeated contacts by CommercialAttache, Oceanic relented and authorized the transfer.

15. (SBU) Comment: Cases of Nigerian banks' not allowing their customers to withdraw funds are not uncommon in the Nigerian banking system. This practice can be attributed to the fierce competition

among banks to increase their deposit portfolios, the desire to shore up their books at particular points in the accounting year, or the simple need to use customer deposits interest free. (Ref A) Incompetence among middle level managers is also a serious and widely-recognized concern, as is the low level of compliance to banking standards and procedures by distant bank branches. End comment.

16. (U) This cable has been cleared with Embassy Abuja.
BLAIR